Canadian Radio-television and Telecommunications Commission

2012-13

Departmental Performance Report

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Minister of Canadian Heritage and Official Languages

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The Government of Canada knows that the arts, culture, and heritage are essential to the vitality of our society and our economy. As we approach Canada's 150th birthday, in 2017, the Government continues to ensure that everyone can participate in the cultural life of their community and celebrate everything that makes this a remarkable country. The Department of Canadian Heritage and its portfolio organizations, including the Canadian Radio-television and Telecommunications Commission (CRTC), play an important role in this respect.

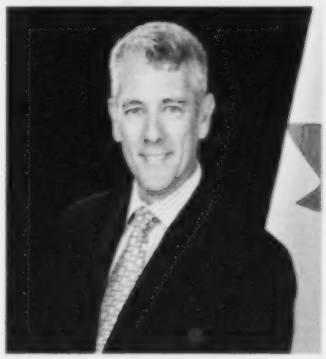
In 2012–2013, the CRTC renewed its focus on the public interest as it regulated and supervised the increasingly complex and rapidly changing broadcasting and telecommunications industries in response to the evolving needs and interests of Canadians as citizens, creators and consumers. One of the CRTC's key broadcasting activities in 2012–2013 was to hold a public hearing to renew CBC/Radio-Canada's television and radio licences with a view to ensuring that our national public broadcaster continues to reflect Canada's diversity, regions and official language minority communities. Listening to the concerns of Canadian consumers, it held a hearing to develop a code of conduct for wireless service providers.

The CRTC engaged Canadians in its public proceedings by improving traditional participation opportunities and introducing innovative ways for Canadians to share their comments through online consultations and discussion forums. In fulfilling its mandate, the CRTC demonstrated a commitment to managing public funds in a responsible manner. It also laid the ground work for enhanced accountability practices, from which Canadians and the industries it regulates will benefit from for years to come.

As Minister of Canadian Heritage and Official Languages, I am pleased to present the 2012-2013 Departmental Performance Report for the CRTC. I invite you to look through it to get an overview of what this organization has accomplished over the last year in fulfilling its mandate, supporting the Government's priorities and enriching the lives of Canadians.

The Honourable Shelly Glover

Chairman and Chief Executive Officer's Message



I am pleased to present the Canadian Radio-television and Telecommunications Commission's (CRTC) Departmental Performance Report for 2012–2013. This document reflects the CRTC's progress in ensuring that Canadian citizens, creators, and consumers have access to a world-class communication system.

The activities outlined in this report were set before my appointment to the CRTC in June 2012. However, they were carried out according to the following three pillars that represent the structure in which we operate. These were introduced in the previous edition of this report.

The **create** pillar ensures that Canadians have access to compelling creative content from diverse sources and on a variety of platforms. During 2012–2013, the CRTC consulted Canadians and held a public hearing to review CBC/Radio-Canada's radio and television licences. We received more than 8,000 comments on important issues related to the national public broadcaster, such as its accountability, availability of services, and regional reflection.

The **connect** pillar ensures that Canadians can connect to quality and innovative communication services at affordable prices. The CRTC spent much of the past year listening to the concerns of Canadians regarding their contracts for cellphones and other wireless services. We acted on what we heard by proposing a draft code for retail wireless services, and invited consumers and members of the industry to share their views in writing and through an online discussion forum. The code will come into force on December 2, 2013.

With respect to the **protect** pillar, the CRTC enhances the safety and interests of Canadians by promoting compliance and through enforcement actions. On September 1, 2012, the CRTC required broadcasters and television distributors to control the loudness of television commercials. We have since investigated a number of complaints from viewers. In most instances licensees are acting responsibly and complying with the rules.

The CRTC also appointed its first Chief Consumer Officer to ensure that the interest and needs of Canadians are taken into consideration in all our activities.

I am proud of the CRTC's achievements in 2012–2013, which were supported by a commitment to management excellence. Our actions and decisions demonstrate our renewed focus on the public interest, and provide a foundation for building public trust in the CRTC and its mandate in the coming year.

Jean-Pierre Blais
Chairman and CEO

Section I: Organizational Overview

Raison d'être

The raison d'être set out below reflects content published in the 2012-2013 Main Estimates.

The Canadian Radio-television and Telecommunications Commission (CRTC) is an independent public authority that regulates and supervises the Canadian broadcasting and telecommunications systems in the public interest, according to the policy objectives established in the *Broadcasting Act* of 1991 and the *Telecommunications Act* of 1993.

The CRTC seeks to balance the needs of Canadians and those of the communications industry. Through its regulatory function, the CRTC addresses various economic, social, and cultural issues related to the communications industry. Some examples include fostering:

- a competitive marketplace in which Canadian communications enterprises create jobs and value for Canadians;
- Canada's linguistic duality and cultural diversity;
- enhanced accessibility for people with disabilities, such as closed captioning for the hearing impaired and described video for the visually impaired;
- the development of mechanisms to address concerns, such as abusive comments or violence in the broadcast media, or excessive rates for telephone services; and
- protecting Canadians from unsolicited communications and contributing to a more secure online environment for consumers and businesses.

Moving forward, the CRTC is revising its raison d'être to reflect a sharpened focus on Canadians.

Responsibilities

The CRTC's legislative authority is derived from the following acts:

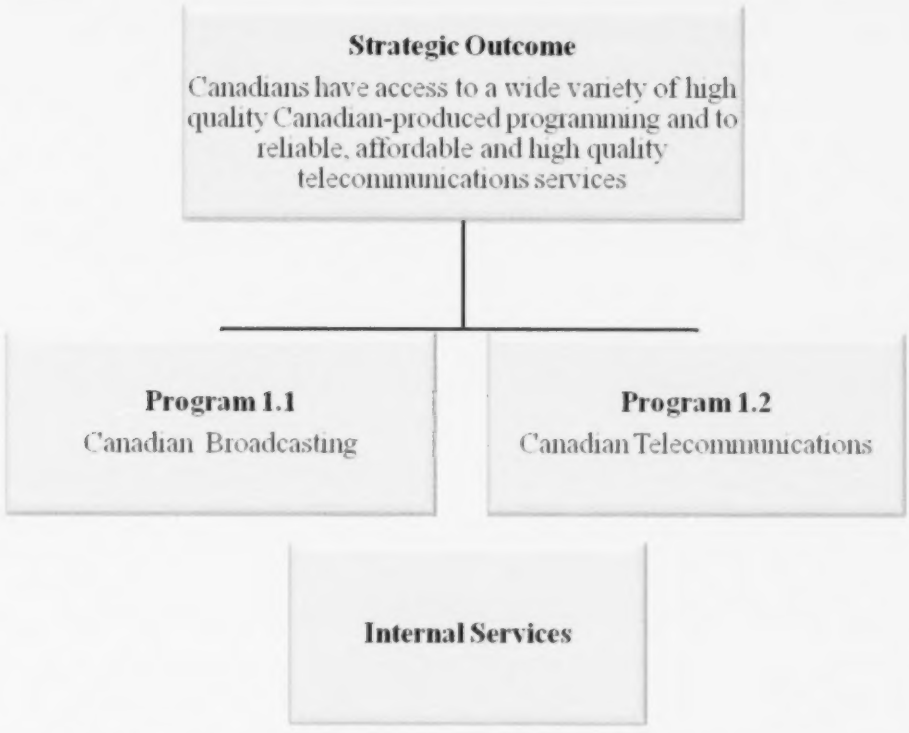
Canadian Radio-television and Telecommunications Commission Act,
Bell Canada Act,
Broadcasting Act,
Telecommunications Act, and
An Act to promote the efficiency and adaptability of the Canadian Economy by regulating certain activities that discourage reliance on electronic means of carrying out commercial activities, and to amend the Canadian Radio-television and Telecommunications Commission Act, the Competition Act, the Personal Information Protection and Electronic Documents Act, and the Telecommunications Act. Referred to as "Canada's anti-spam legislation (CASL)" in this document. This Act received Royal Assent in 2010 but has not yet been proclaimed in force.

The CRTC fulfills its responsibilities through a number of interrelated activities, including:

- consulting and informing Canadians;
- deciding on mergers, acquisitions, and changes of ownership;

- approving tariffs and certain agreements for the telecommunications industry;
- issuing, renewing, and amending licences for broadcasting undertakings;
- administering and enforcing rules for the National Do Not Call List (DNCL);
- resolving competitive disputes;
- monitoring, assessing, and reporting on the broadcasting and telecommunications industries; and
- responding to public inquiries and complaints.

Strategic Outcome and Program Alignment Architecture


Strategic Outcome
Canadians have access to a wide variety of high quality Canadian-produced programming and to reliable, affordable and high quality telecommunications services
Program 1.1
Canadian Broadcasting
Program 1.2
Canadian Telecommunications
Internal Services

Moving forward, the CRTC has amended its Strategic Outcome and Program Alignment Architecture (PAA) for 2013-2014 to enhance the organization's approach to fulfilling its responsibilities. The two former program activities: Canadian Broadcasting and Canadian Telecommunications have been replaced by two new programs: Canadian Content Creation and Connection to the Communication system. Six new sub-programs have also been added to the PAA.

Organizational Priorities

Priority	Type	Program
Renewal of private ownership groups' French-language television licences	New	1.1 Canadian Broadcasting
Summary of Progress		
The CRTC renewed the licences of over 30 conventional, pay, and specialty French-language television services operated by the following private Canadian groups: Astral Media inc, Quebecor Media Inc and Serdy Media inc. The CRTC also re-examined the conditions of licence and regulatory requirements of the Canadian privately owned French-language television network V Interactions inc. Through the examination and renewal of these licences, the CRTC ensures that Canadians have access to a broadcasting system that reflects Canada's linguistic diversity and that will meet the social and cultural objectives of the *Broadcasting Act*.		

Priority	Type	Program
Licence Renewals for the Canadian Broadcasting Corporation (radio and television)	Previously committed	1.1 Canadian Broadcasting
Summary of Progress		
The CRTC held a public hearing as well as a public consultation to review and renew the licences of the Canada Broadcasting Corporation (CBC) English- and French-language radio and television services. Renewal is anticipated in Spring 2013. Through the proceeding the CRTC examined whether the CBC, Canada's national public broadcaster, continues to fully meet the obligations and policy objectives outlined in the *Broadcasting Act*. Moreover, the CRTC considered whether the CBC has the flexibility required to adjust to fiscal restraints and a constantly changing broadcasting environment while continuing to offer appropriate services throughout Canada, including to official language minority communities.		

Priority	Type	Program
Review of the Local Programming Improvement Fund	Previously committed	1.1 Canadian Broadcasting
Summary of Progress		
The CRTC created the Local Programming Improvement Fund (LPIF)[i] in 2008 to ensure that conventional television stations in non-metropolitan markets had the resources to meet Canadians' needs for local programming. At that time, broadcasters were experiencing financial difficulties as a result of the global economic downturn. The CRTC required certain cable and satellite companies to contribute a percentage of their revenues to the LPIF. Certain companies passed the costs of these contributions on to their customers. In April 2012, the CRTC held a public hearing to review the policies and regulations relating to the LPIF as well as to evaluate whether the fund should be maintained, modified, or discontinued. Given the signs of general economic recovery in the advertising sector and the successful transition to digital television, the CRTC expressed confidence that local productions will be maintained and determined that it will phase out the LPIF by September 1, 2014. Providing a period of two years to phase out the LPIF was deemed appropriate to provide conventional stations time to adapt. As LPIF contributions are reduced over the course of the phasing out process, the Commission also stated its expectation that any additional fees collected from customers in relation to the LPIF would be reduced or credited back to customers. Cable and satellite companies were required to report on what measures they have taken to ensure that these reductions are reflected in the bills of affected customers, by September 17, 2012. The reports have been placed on the CRTC public website.[ii]		

Priority	Type	Program
Implement the regulatory framework and policy decisions relating to vertical integration	Ongoing	1.1 Canadian Broadcasting

Summary of Progress

Vertical integration refers to the ownership or control by one entity of both programming services, such as conventional television stations, or pay and specialty services, and distribution services, such as cable systems or direct-to-home satellite services. Vertical integration also includes ownership or control by one entity of both programming undertakings and production companies. Vertically integrated companies include Rogers Communications Inc., Quebecor Media Inc., BCE Inc. and Shaw Communications Inc. Through the CRTC's *Regulatory framework relating to vertical integration*,[iii] which was designed to moderate the relationship between larger vertically integrated entities and smaller independent programmers and distributors, the Commission ensured that consumers continue to benefit from a wide choice of programming in a broadcasting system where programming and distribution have become increasingly integrated.

The CRTC recognizes that in today's communications environment, Canadians expect to be in control of what they watch and that their expectations are likely to be heightened with the ongoing transition to digital technology. To this end, the Commission requested that vertically-integrated companies report by April 1, 2012 on the manner in which they have provided consumers with more choice and flexibility in subscription to their services. The Commission received and considered the reports, which are now available on the CRTC website. The Commission continues to monitor the different offerings by distributors and encourages them to offer more choice and flexibility to subscribers.

Priority	Type	Program
Implement wholesale services frameworks	New	1.2 Canadian Telecommunications

Summary of Progress

The CRTC requires large telephone and cable companies to sell access to their networks to other independent service providers on a wholesale basis. These providers use these wholesale services in conjunction with their own facilities to provide services to their own retail customers. This encourages further competition that leads to more innovative services as well as affordable prices for Canadians.

In 2012-2013, the CRTC conducted a review of wholesale high-speed access service rates, including a review of costing information to address concerns raised by members of the industry. In February 2013, the CRTC established final rates for wholesale high-speed access services used by independent service providers to offer competitively priced Internet and other services. As a result of certain adjustments, some independent service providers will see significant rate reductions. All large telephone and cable companies that provide wholesale high-speed access services to independent service providers must now use a single billing model and offer the same rates for comparable business and residential services. This will result in a more straightforward billing process for independent service providers. In addition, the final wholesale rates enable the large telephone companies and the cable companies to recover their costs and make further investments in their networks.

In support of Internet Protocol network interconnection arrangements, the CRTC Interconnection Steering Committee (CISC) undertook a number of activities to facilitate Internet Protocol interconnection for voice services. As a result, the CRTC established standard procedures for carriers to interconnect using Internet Protocol for voice services.

The CRTC continued to review the terms of service and rates submitted by parties, coordinate and facilitate activities of the CISC and mediate agreements between parties as required.

Priority	Type	Program
Modify regulatory frameworks for retail services	New	1.2 Canadian Telecommunications

Summary of Progress

The CRTC's price cap policy limits the prices that a telecommunications company can charge its customers. Price-cap regulation applies to the regulated services of over 40 incumbent telephone companies serving customers throughout Canada. The CRTC reviews the price-cap frameworks for these companies to ensure that Canadians have access to reliable, affordable and high quality telecommunications services in light of technological and market changes.

In 2012-2013, the CRTC conducted its review of the regulatory framework for 35 small incumbent telephone companies that offer services to customers in British Columbia, Ontario, and Quebec. The framework reviewed includes four regimes: price cap, subsidy, long distance (toll) interconnection, and forbearance. The CRTC's determinations were made to achieve the following objectives: ensuring that customers of small telephone companies continue to have access to reliable, innovative, and affordable services; providing the companies with the means and incentives to further increase efficiencies and innovation; and implementing a regulatory framework that minimizes regulatory burden to the greatest extent possible.

The CRTC also addressed applications from industry participants to adjust certain aspects of the price-cap regulatory framework that applies to large telephone companies such as Bell Canada and TELUS Communications Company.

In December 2012, the CRTC launched a public consultation, which included a public hearing in June 2013 on the telecommunications services that Northwestel Inc. provides to its customers in Yukon, Northwest Territories, Nunavut, northern British Columbia, and northern Alberta.

Priority	Type	Program
Enforce the rules related to the National Do Not Call List	Ongoing	1.2 Canadian Telecommunications

Summary of Progress

In 2006, Parliament amended the *Telecommunications Act* to permit the CRTC to create a National Do Not Call List (DNCL)[iv] and to impose administrative monetary penalties. The National DNCL helps Canadians reduce the number of unwanted telemarketing calls they receive. The CRTC protects the privacy of Canadians that have registered telephone numbers on the list by actively enforcing the Unsolicited Telecommunications Rules.[v] As of March 31, 2013, approximately 11.4 million numbers were registered on the National DNCL.

In 2012-2013, in response to complaints by Canadians, the CRTC investigated violations of the Unsolicited Telemarketing Rules and issued notices of violations totalling $756,900 to 15 organizations. The Commission also issued 9 citations and sent 21 compliance letters to organizations to encourage compliant business practices.

The Commission continued to implement its inspection program under the National DNCL regime, conducting inspection visits to sixteen telemarketing organizations.

The Commission engaged in outreach to business and visited various consumer groups in order to educate consumers and telemarketers about the National DNCL and its associated rules. This was done through over 20 speaking engagements and participation on panels at both domestic and international telecommunication and cyber security conferences (in conjunction with supporting Canada's anti-spam legislation). The Commission continues to Co-Chair the International Do Not Call Network (IDNC) and held two international meetings with 15 member countries to engage the membership in collaborating on best practices and enforcement operations.

Priority	Type	Program
Promote and enforce Canada's anti-spam legislation	Ongoing	1.2 Canadian Telecommunications

Summary of Progress

The CRTC is responsible for certain provisions in Canada's anti-spam legislation (CASL)[vi] that address the sending of commercial electronic messages (e.g. spam), the installation of computer programs (e.g. malware), and the unauthorized alteration of transmission data (e.g. network re-routing) without consent. The purpose of this legislation is to promote Canadians' confidence in the electronic marketplace as a venue for legitimate and safe commercial activities. In preparation for the coming into force of CASL, the CRTC developed investigative and enforcement processes, policies, and procedures.

In order to respond to future complaints by Canadians and address their needs, the CRTC built a new state-of-the-art electronic laboratory and Spam Reporting Centre with secure and resilient IT systems and infrastructure that will support future enforcement activities.

Also, digital forensic tools were acquired to perform acquisition, preservation, and analysis of electronic evidence. Staff received specialized cybercrime training to ensure that they can meet the requirements of enforcement in view of the evolving cyber landscape.

The CRTC created communication products to assist Canadian businesses in becoming compliant with CASL. In October 2012, the CRTC published two Information Bulletins, namely:

- *Guidelines on the interpretation of the Electronic Commerce Protection Regulations (CRTC)*, Compliance and Enforcement Information Bulletin CRTC 2012-548, 10 October 2012; and
- *Guidelines on the use of toggling as a means of obtaining express consent under Canada's anti-spam legislation*, Compliance and Enforcement Information Bulletin CRTC 2012-549, 10 October 2012.

The CRTC participated in a number of outreach activities to inform consumers and businesses of compliance requirements, including attending and participating in over 20 speaking engagements and conferences on cyber security and telecommunications, both domestically and internationally. The CRTC also hosted a full-day Informal Consultation on February 25, 2013 with stakeholders to improve understanding of the CRTC's enforcement processes related to CASL, and to facilitate industry compliance with the law.

The global nature of cyber enforcement requires cooperation with, and assistance from, national and international counterparts, industry, and academia. A memorandum of understanding that defines the enforcement cooperation, coordination, and information sharing among related organizations was finalized.

Risk Analysis

Risk	Risk Response Strategy	Link to Program Alignment Architecture	Link to Organizational Priorities
Fragmented distribution of broadcasting content and communication services Given that constant technological evolution allows for rapid development of new global communications services, there is a risk that the CRTC's capacity to fulfill its legislated objectives will be impacted.	This risk is ongoing for the Commission and was mentioned in the *2012-2013 CRTC Report on Plans and Priorities*.[vii] The following strategies continued to lower the impact and likelihood of the risk: • The Commission continuously monitors and strategically analyzes market conditions and technological developments in order to advance regulatory policy. • The Commission engages in continuous dialogue with consumers, creators, and service providers to identify and analyze trends. • The Commission collaborates with external stakeholders on the promotion of Canadian programming.	All programs	All priorities
Increased reliance on communication services Given that Canadians' reliance on communications services is rapidly increasing, there is a risk that the CRTC's policies and regulations will not be developed quickly enough to address emerging issues.	This risk is ongoing for the Commission and was mentioned in the *2012-2013 CRTC Report on Plans and Priorities*. The following strategies continued to lower the impact and likelihood of the risk: • The Commission conducts ongoing research and analysis to identify gaps, challenges, trends, and issues to ensure that policies and regulations can be developed to respond to issues on a timely basis. • The Commission developed consultative strategies for key external stakeholders to monitor and discuss evolving trends impacting policy and regulation.	All programs	All priorities
Human resources Given a high volume of anticipated retirements coupled with the need for a highly skilled and adaptable workforce and effective leadership there is a risk of not having the right people, at the right time, and in the right jobs to deliver CRTC responsibilities.	This risk is ongoing. The following CRTC strategies continued to lower the impact and likelihood of the risk: • The Commission continued to conduct strategic human resourcing planning, including talent management, training and learning, and succession planning. • The Commission continuously reviews and monitors the efficacy of human resource plans.	All programs	All priorities

Fragmented distribution of broadcasting content and communications services

In an environment of fragmentation, the Commission continued to look at new approaches to meet its legislated policy objectives. The production of Canadian content in a world of vastly expanded choice may pose a challenge for the CRTC in terms of achieving the policy objectives of the *Broadcasting Act*. Furthermore, evolving telecommunications platforms pose challenges with regard to ensuring access to advanced networks and fulfilling the policy objectives of the *Telecommunications Act*. Through research and consultations, the CRTC continued to assess the effectiveness of its regulatory policies.

Increased reliance on communications services

Technology continues to evolve at a rapid pace and Canadians' reliance on communications services continues to increase. It is imperative that the CRTC's policies and regulations are developed in a timely manner to meet the needs of Canadians. As a result, the CRTC continued to strategically consult with key stakeholders as well as the public at large, to ensure that its policies and regulations will respond to key issues. The CRTC holds consumer issues at the heart of its regulatory policy development. In 2012-2013, a Chief Consumer Officer was appointed to ensure that all regulatory policy issues are examined through a consumer-focused lens.

Human resources

Given the demographic context (i.e. the aging workforce), there has been an increased pressure on managers to deliver the Commission's responsibilities while also leading employees through renewal and implementing the CRTC's human resources action plans. The actions plans include talent management initiatives, the training and learning program, and succession planning. Taking a forward-looking approach, the Commission offered structured job rotations and organized cost-effective and targeted training and learning activities to increase and develop required skills.

Summary of Performance

Financial Resources – Total Departmental (S millions)

Total Budgetary Expenditures (Main Estimates) 2012–13	Planned Spending 2012–13	Total Authorities (available for use) 2012–13	Actual Spending (authorities used) 2012–13	Difference (Planned vs. Actual Spending)
53.2	53.2	62.5	56.5	3.3

Human Resources (Full-Time Equivalents— FTEs)

Planned 2012–13	Actual 2012–13	Difference 2012–13
431	432	1

Note: The explanation of variance is provided in Expenditure Profile Section

Performance Summary Table for Strategic Outcome and Programs ($ millions)

Strategic Outcome: Canadians have access to a wide variety of high-quality Canadian produced programming and to reliable, affordable, and high-quality telecommunication services.

Program	Total Budgetary Expenditures (Main Estimates 2012-13)	Planned Spending	Total Authorities (available for use) 2012-13	Actual Spending (authorities used)			Alignment to Government of Canada Outcomes
		2012-13		2012-13	2011-12	2010-11	
Canadian Broadcasting	17.5	17.5	19.7	19.8	21.3	20.0	A vibrant Canadian culture and heritage
Canadian Telecommunications	17.8	17.8	22.4	21.3	21.9	19.1	A fair and secure marketplace
Sub-Total	35.3	35.3	42.1	41.1	43.2	39.1	

Strategic Outcome 2013-14 and onward: Canadians have access to a world-class communication system

Program	Planned Spending		Alignment to Government of Canada Outcomes
	2013-14	2014-15	
Canadian Content Creation	20.9	20.8	A vibrant Canadian culture and heritage
Connection to the Communication System	23.4	23.3	A fair and secure marketplace
Sub-Total	44.3	44.1	

Performance Summary Table for Internal Services ($ millions)

Internal Services	Total Budgetary Expenditures (Main Estimates 2012–13)	Planned Spending			Total Authorities (available for use) 2012–13	Actual Spending (authorities used)		
		2012–13	2013–14	2014–15		2012–13	2011–12	2010–11
	17.9	17.9	13.4	13.3	20.4	15.4	15.4	15.0
Sub-Total	17.9	17.9	13.4	13.4	20.4	15.4	15.4	15.0

Total Performance Summary Table ($ millions)

Strategic Outcome and Internal Services	Total Budgetary Expenditures (Main Estimates 2012–13)	Planned Spending			Total Authorities (available for use) 2012–13	Actual Spending (authorities used)		
		2012–13	2013–14	2014–15		2012–13	2011–12	2010–11
	53.2	53.2	57.7	57.4	62.5	56.5	58.6	54.1
Total	53.2	53.2	57.7	57.4	62.5	56.5	58.6	54.1

Expenditure Profile

Departmental Spending Trend

The graph presented below shows the CRTC's budget and expenditure profile.

Actual Spending

Actual spending pertains to those expenditures incurred by the CRTC in relation to all funding authorities approved during this fiscal year. Funding authorities include all Parliamentary appropriations and revenue sources: Main Estimates, Supplementary Estimates, Treasury Board Vote transfers (including operating budget carry-forward adjustments), and revenues from Part I broadcasting licence fees and telecommunications fees.

The amount for 2009-2010 includes the Main Estimates and Supplementary Estimate amounts (i.e., authorized budget carry-forward and the temporary funding received for DNCL related activities).

For 2010-2011 and 2011-2012 the spending includes the expenditures for DNCL related activities, as well as new funding for CASL that was received at the end of 2010-2011.

In 2011-2012, actual spending includes funding for CASL-related activities for the full year and the increase in pay list requirements, which is mainly composed of severance pay benefits. The 2011-2012 severance pay benefits level is exceptionally high due to the cash out of accumulated severance pay benefits. This option was offered to various classifications of employees following the signing of new collective agreements.

In 2012-2013, actual spending has decreased and is mainly explained by the effort to reduce the CRTC's operating expenditures. As noted in the CRTC's Three-Year Plan[viii], an initiative has been launched to review organizational structure and priorities with a target of reducing operating costs by at least 5% over the next three years. For 2012-2013 several efficiency improvements were put in place that contributed to reduced spending levels.

Spending for the period from 2013-2014 to 2015-2016 corresponds to the planned spending levels approved in the Main Estimates. At this time, there are no incremental amounts approved above the Main Estimates levels. Supplementary funding for items such as salary adjustments for new collective agreements and carry-forward adjustments are unknown at this time and therefore not reflected.

Estimates by Vote

For information on the CRTC's organizational votes and/or statutory expenditures, please see the *Public Accounts of Canada 2013 (Volume II)*.[ix] An electronic version of the Public Accounts 2013 is available on the Public Works and Government Services Canada website.

Section II: Analysis of Programs by Strategic Outcome

Canadian Broadcasting

Financial Resources – Canadian Broadcasting ($ millions)

Total Budgetary Expenditures (Main Estimates) 2012–13	Planned Spending 2012–13	Total Authorities (available for use) 2012–13	Actual Spending (authorities used) 2012–13	Difference 2012–13
17.5	17.5	19.7	19.8	2.3

Human Resources (FTEs) – Canadian Broadcasting

Planned 2012–13	Actual 2012–13	Difference 2012–13
133	142	9

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Canadians have access to a broadcasting system that offers a variety of voices that reflect Canada's linguistic and cultural diversity.	Percentage of television audience share, including discretionary and over-the-air services, permitted to be controlled by one entity.	No more than 45 percent.	The largest entities controlled television services with total audience shares of 34 percent in the English-language market and 32.4 percent in the French-language market.
	Number of radio stations an entity is permitted to own or control in markets with fewer than eight stations.	No more than three stations operating in that language, with a one frequency band.	Commission maintained its policy and did not grant any exceptions.
	Number of radio stations an entity is permitted to own in markets with at least eight commercial stations operating in a given language.	No more than two AM and two FM stations in that language.	Commission maintained its policy and did not grant any exceptions.
Canadians have access to a diversity of opinions as a result of CRTC policy on cross media ownership.	Number of companies that may simultaneously own local newspapers, local radio and local television stations serving the same market.	Zero	Zero
	Number of companies that may control all television distribution services in any given market.	Zero	Zero
Local Program improvement fund (LPIF).	Total amount invested in the LPIF.	Approximately $100 million annually.	Decreased to an estimated $75 million in 2012-2013 due to Commission's decision to phase- out activity.
	Minimum number of hours of local programming maintained in rural communities as result of LPIF.	Seven hours per week in non-metropolitan, Anglophone markets, five hours per week in non-metropolitan, Francophone markets.	Stations receiving LPIF broadcast seven hours per week in non-metropolitan Anglophone markets, five hours in non-metropolitan Francophone markets.
	Number of non-metropolitan communities receiving LPIF support.	78 station in non –metropolitan markets.	80 stations in non –metropolitan markets.

Performance Analysis and Lessons Learned

In its group-based approach to the regulation of Canada's television sector, the CRTC set out to establish standard regulatory obligations with respect to expenditures on Canadian programming, programs of national interest, and independent production that would be applicable to all major broadcast groups. Under this approach, the Commission focused primarily on Canadian programming expenditures rather than exhibition to give broadcasters the flexibility to create and offer new Canadian programming of the highest quality to Canadians, while ensuring that each group makes an appropriate contribution to the Canadian broadcasting system. The expected results of this approach include stable expenditures on and viewing of Canadian programming. Over the course of implementing the approach, the diversity of evolving players and circumstances in the system had to be taken into consideration and the regulatory obligations adjusted accordingly. Ongoing monitoring ensures that this new approach supports the achievement of public interest objectives.

The review of the LPIF included a comprehensive analysis of the use of the funds by local television stations, the impact of the fund on Canadians, and the ongoing need for the LPIF. The LPIF had successfully provided financial stability to local television stations during a period of economic downturn, however many distributors passed the associated costs on to subscribers. During the phase-out period, the LPIF will continue to provide stability for its beneficiaries in the provision of local programming to Canadians, as these stations continue to innovate and evolve to a sustainable business model. Also, the CRTC stated its expectation that related fees collected from customers would be reduced or credited.

Report on Planning Highlights

Competitive radio licence hearings

In 2012-2013, the CRTC held public hearings to consider the granting of new licences in the Miramichi, Calgary, and Toronto markets to improve access to Canadian programming. As part of the proceedings, the Commission received and considered interventions with respect to each application. The CRTC thoroughly considered a variety of regulatory policy issues including whether the respective markets could sustain additional radio services without undue negative impact on existing stations. A notice of consultation was issued to consider granting new licences in the Winnipeg market. A listing of decisions and records of public hearings is available on the CRTC website.

Satellite radio licence renewal

Sirius XM Canada Inc. submitted an application relating to the broadcasting licences for the satellite subscription radio undertakings of Sirius Canada and XM Canada. As a result of a public proceeding, the Commission renewed the authority for the operation of the satellite subscription radio undertakings Sirius Canada and XM Canada through the issuance of a new licence covering both undertakings. These undertakings will continue to operate as distinct services.

The public proceeding received and considered numerous interventions from the public, which allowed for a discussion on the role of satellite radio.

CBC licence renewals

The CRTC undertook a public process to renew the licences of the Canadian Broadcasting Corporation's (CBC) English- and French-language radio and television services. The public consultation allowed for a broad discussion on the role of the national broadcaster in the digital environment. The CBC's role was examined under the lens of providing a balanced programming schedule drawing upon and reflecting Canada's diverse regions and communities, including Official Language Minority Communities. The Commission also reviewed the CBC's responsibilities with respect to local programming and programming for children and youth. The CRTC anticipates that a decision will be made on CBC's request to add a limited amount of national advertising to Espace Musique and Radio 2, as part of the licence decision in spring 2013.

Implementation of the broadcasting distribution undertaking (BDU) and discretionary programming services policy

In 2008, the CRTC established new policies to ensure that its regulatory frameworks for broadcasting distribution undertakings, which include cable and satellite television providers, and discretionary programming services are appropriate for a multi-platform digital environment. In 2012-2013, the CRTC continued to monitor and review the regulatory framework to ensure that Canadians continue to have access to a greater choice of high-quality Canadian programming.

Implementation of the new policies for community television and community and campus radio

The CRTC continues to implement policies for community television and community and campus radio through conditions of licence and changes to its regulations governing radio, television broadcasting, and broadcasting distribution. These policies will ensure that the community broadcasting sector contributes to the achievement of the *Broadcasting Act*'s objectives. In 2012, the CRTC set out standard conditions of licence for campus and community radio stations in order to facilitate the implementation of the Campus and Community Radio Policy. These conditions, which include minimum levels of locally produced spoken word and special interest music programming, apply upon the issuance of new licences for campus and community radio stations.

Market monitoring / data collection

The CRTC continued to monitor the financial and market performance of the Canadian communications industry, by collecting data on key financial indicators including revenue, capital expenditures, and other operational data. Moreover, the CRTC continued to monitor online and mobile programming services, including technological advancements and market and Canadian consumer behaviour (e.g. radio and television consumption trends, access and adoption of communication services and expenditures on communication services) in order to understand their impact on the regulated system. Findings are published in CRTC's annual Communications Monitoring Report.[x]

Accessibility

In 2012-2013, the Commission continued to work with stakeholders in the broadcasting industry to analyse methods to improve the accessibility of broadcast programming services for Canadians with disabilities through closed captioning as well as described video and audio description. For more information please see *Access to TV for people with visual impairments: audio description and described video*[xi] on the Commission's website.

Canadian Telecommunications

Financial Resources – Canadian Telecommunications ($ millions)

Total Budgetary Expenditures (Main Estimates) 2012–13	Planned Spending 2012–13	Total Authorities (available for use) 2012–13	Actual Spending (authorities used) 2012–13	Difference 2012–13
17.8	17.8	22.4	21.3	3.5

Human Resources (FTEs) – Canadian Telecommunications

Planned 2012–13	Actual 2012–13	Difference 2012–13
130	145	15

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Canadians have increased access to service providers that offer reliable telecommunications services at just and reasonable rates.	Percentage of residential phone lines served by competitors of the incumbent telephone companies.	Annual 2 percent increase.	4.1 percent increase
	Percentage of Canadians that subscribe to mobile services.	Annual 2 percent increase.	1.8 percent increase
	Percentage of Canadians that subscribe to broadband Internet services (1.5 Mbps or higher).	Annual 3 percent increase.	3 percent increase

Performance Analysis and Lessons Learned

Access to broadband Internet services at affordable prices is fundamental to ensuring Canadians can connect to reliable telecommunications services. In recent years, a key regulatory policy objective of the CRTC has been to promote competition in the provision of these services. In 2012-2013, the Commission took measures to enhance competition by ensuring that competitors have access to wholesale high-speed access services at reasonable rates, and to increase the information that is available to competitors in proceedings to establish wholesale rates. Greater transparency allows competitors to increase their involvement in these proceedings thereby assisting the Commission in assessing the reasonableness of the rates. These activities should result in a more competitive market, an improved rate setting process, and affordable prices for retail broadband Internet services.

In 2012-2013, the CRTC took measures to establish an effective regulatory framework for the companies that provide traditional telephone service in more rural and remote areas. Local competition has recently been permitted in these areas with the expectation that increased competition would result in improved rates and services for consumers. To accelerate the implementation of local competition in some areas, the CRTC is reviewing the effectiveness of its measures.

The market share of competitors providing traditional telephone service in local markets grew by over 4 percent in 2012-2013.

Report on Planning Highlights

9-1-1 enhancements

In December 2012, the CRTC launched an inquiry into the state of 9-1-1 services including the current funding model and issues facing the system in order to ensure that regulatory policies are effectively supporting the system and benefiting Canadians.

Also, the CRTC determined that Canadians with hearing and speech impairments should be able to access 9-1-1 services through the use of text messaging. Text with 9-1-1 access will soon be possible where 9-1-1 services are currently available in Canada. The CRTC has directed telephone and wireless companies to complete necessary upgrades to facilitate this change by January 24, 2014.

Voice over Internet Protocol (VoIP) 9-1-1

The Commission continued its inquiry into the services offered by smaller VoIP service providers, and to take steps to ensure that they understand and comply with their 9-1-1 related obligations.

Accessibility

The Commission continued to improve access to telecommunications services by Canadians with disabilities. In March 2013, the Commission began soliciting comments from the public on the potential for a video relay service for Canadians who are deaf, hard of hearing, or speech impaired.

Numbering resources management

The CRTC continued to manage the administration and use of telephone numbers in conjunction with the Canadian Numbering Administrator. In 2012-2013, the Canadian Numbering Administrator advised the CRTC on all area codes that were expected to run out in the short term. The CRTC established Relief Planning Committees to evaluate the situation and make recommendations based on the most appropriate options.

Model municipal access agreement

In 2012-2013, an industry working group led by the CRTC took steps toward developing a model agreement to facilitate negotiations between municipal authorities and telecommunications service providers on the installation of telecommunications infrastructure.

Retail and competitor tariff notices and intercarrier agreements

The CRTC receives tariff notices and requests for approval of agreements between companies concerning the interconnection of telecommunications networks or the provision of certain services. Tariff notices may relate to the introduction of a new service, a change in rate or condition of service, or the withdrawal of a service for which there is no longer demand or where the service has been replaced by a new functionality. In 2012-2013, the Commission conducted timely reviews and disposed of over 500 tariff notices and agreements.

Internet traffic management practices

The Commission enforced compliance by Internet service providers with the policy on Internet traffic management practices (ITMPs) and responded to 49 complaints from Canadians. Quarterly status reports on ITMP complaints are available on the CRTC's website. The CRTC also continued to provide information on ITMPs for Canadian consumers on its website.

Resolutions of competitive disputes and other issues

The Commission offers dispute settlement mechanisms for broadcasting and telecommunication matters under its jurisdiction. In 2012-2013, the CRTC resolved numerous bilateral industry disputes by means of staff mediation, expedited hearings, and/or final offer arbitration. Throughout dispute resolution processes, the CRTC ensured that services to Canadian consumers were uninterrupted.

Spam Reporting Centre

In 2012-2013, the CRTC continued to establish Canada's Spam Reporting Centre. Once Canada's anti-spam legislation is in force, Canadian consumers, businesses and other organizations will be able to report instances of spam, malware, and other violations to the Centre.

Internal Services

Financial Resources – Internal Services ($ millions)

Total Budgetary Expenditures (Main Estimates) 2012–2013	Planned Spending 2012–2013	Total Authorities (available for use) 2012–2013	Actual Spending (authorities used) 2012–2013	Difference 2012–2013
17.9	17.9	20.4	15.4	-2.5

Human Resources (FTEs) – Internal Services

Planned	Actual	Difference
168	145	-23

Performance Results – Internal Services

Expected Results	Performance Indicators	Targets	Actual Results
Improved website that provides relevant, easy-to-find content.	Conduct usability testing with industry and consumers on key areas of the website.	Usability testing to be completed by the end of the second quarter of 2012-2013.	The consultation with CRTC employees, Canadian citizens, consumers, and creators was initiated in 2013. This phase is now complete. A total of 316 tests were performed.
	Develop a CRTC strategy that meets accessibility standards.	Complete the second phase of the CRTC's plan to meet Treasury Board's accessibility standards for government websites.	Phase 2 of the accessibility plan is completed.
The CRTC is an expert, innovative, and effective organization.	Continued CRTC's Continuity plan as part of the Public Service Renewal Action Plan.	Talent development plans are in place for all employees; continuity plans completed for all leadership positions.	Continuity plans were completed for all management employees. All employees had talent and performance management discussions and have talent development and/or learning plans in place. In 2012-2013, the talent management exercise was conducted for the 59 employees in the management group (EX-1 and above and equivalent).
	The completion of the CRTC's job rotation exercise for non-EX staff members.	Job rotation is implemented by the end of the second quarter of 2012-2013.	Job rotation was implemented by the end of the second quarter of 2012-2013. Job rotations for approximately 20 non-EX employees continued and the list of employees interested in job rotation was used to fill other temporary opportunities. A job rotation exercise for EX-1 and equivalent employees was conducted and three opportunities for

			management level employees have been put in place.
	Successful delivery of the newly designed in-house training program on strategic thinking.	The first course on strategic thinking will be delivered in April 2012; additional training will be provided throughout the year.	The first strategic thinking course was delivered in March 2012. Four additional full-day and four additional half-day sessions were delivered to employees and managers throughout the year, and the training continues in 2013-2014.

Report on Planning Highlights

Enhanced information technology management

The CRTC continued to harmonize its information technology (IT) planning process to reduce complexity, promote system integration and optimize service delivery. The CRTC completed a three-year IM/IT plan to improve its electronic-communication capabilities and deliver enhanced services.

Public service renewal

Given that nearly 30 percent of the Commission's workforce is eligible to retire in the next five years, the CRTC drafted a three-year plan to develop and retain employees with the skills, knowledge and expertise necessary to support the organization. The Commission pursued important initiatives such as leadership-development training, strategic-thinking training, a job-rotation exercise, employee orientation and ongoing professional development.

Section III: Supplementary Information

Financial Statements Highlights

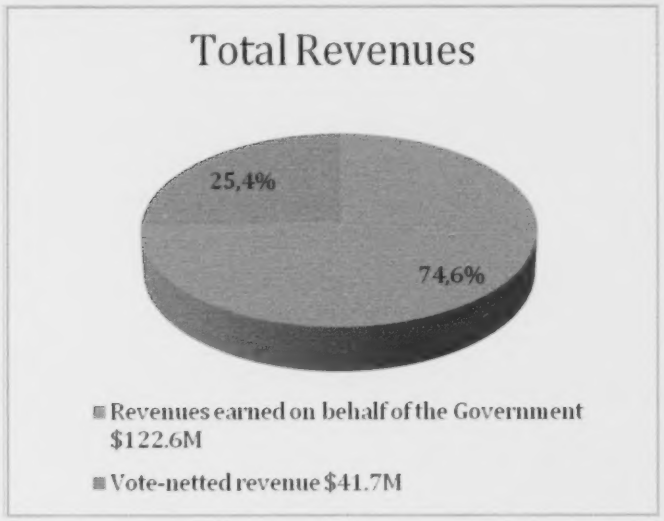
Condensed Statement of Operations and Departmental Net Financial Position

CRTC Condensed Statement of Operations and Departmental Net Financial Position (Unaudited) For the Year Ended March 31, 2013 ($ millions)					
	2012–13 Planned Results	2012–13 Actual	2011–12 Actual	$ Change (2012–13 Planned vs. Actual)	$ Change (2012–13 Actual vs. 2011–12 Actual)
Total expenses	62.9	63.6	62.8	0.7	0.8
Total revenues (vote netted see note)	42.6	41.7	42.9	-0.9	-1.2
Net cost of operations before government funding and transfers	20.3	21.9	19.9	1.6	2.0
Departmental net financial position		-3.5	-2.5		1.0

Note: These figures are net departmental revenues and do not include the revenues earned on behalf of the Government which totalled $122.6M for 2012-2013.

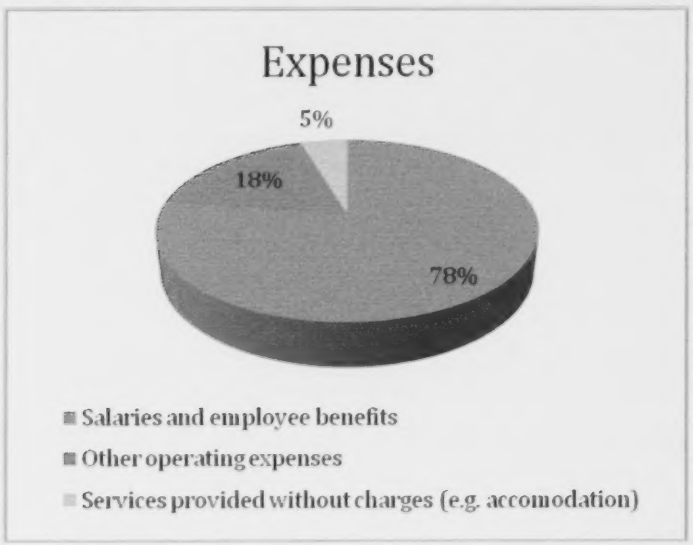
Financial Highlights Charts

Revenues



Total revenues collected were $164.3 million at the end of 2012-2013 a net increase of $1.5 million versus last year's total revenue collected. There was an increase in Part II fees ($3 million), a decrease in CRTC regulatory fees ($1.2 million) and a decrease in the National DNCL Administrative Monetary Penalties and other miscellaneous revenue ($0.3 million).

Expenses



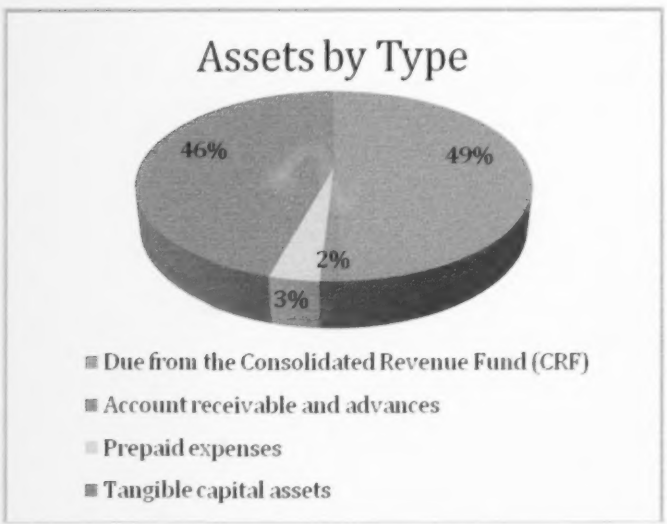
Total expenses were $63.6 million at the end of 2012-2013, an increase of $0.8 million. The increase is mainly attributable to salaries and employee benefits ($1.6 million) and a decrease in other operating expenses ($0.8 million).

Condensed Statement of Financial Position

CRTC Condensed Statement of Financial Position (Unaudited) As at March 31, 2013 ($ millions)			
	2012–13	**2011–12**	**$ Change**
Total net liabilities	11.1	11.0	0.1
Total net financial assets	3.9	4.4	-0.5
Departmental net debt	7.2	6.6	0.6
Total non-financial assets	3.7	4.1	-0.4
Departmental net financial position	-3.5	-2.5	1.0

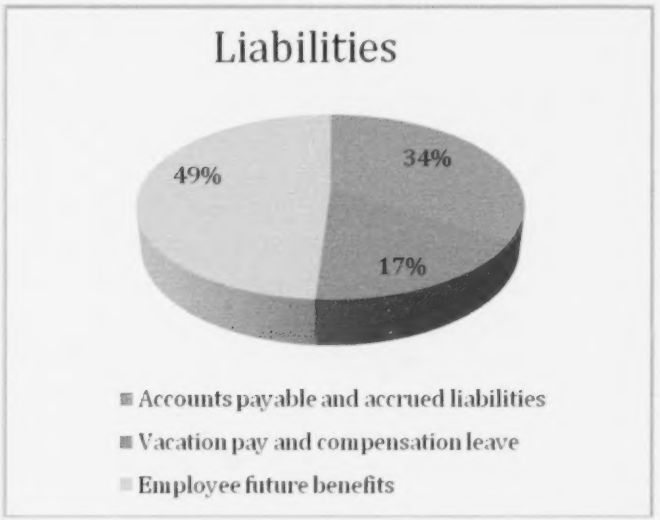
Financial Highlights Charts

Assets



Total assets were $7.6 million at the end of 2012-2013, a net decrease of $1.1 million versus last year's total assets. The decrease is attributable to the Due from the Consolidated Revenue Fund (CRF) ($0.4 million), a decrease in Accounts receivable and advances ($0.2 million), a decrease in the Prepaid expenses ($0.2 million) and a decrease in the Tangible capital assets ($0.3 million).

Liabilities



Total liabilities remained unchanged at $11 million for 2012-2013 and 2011-2012. However there have been some fluctuations in the liabilities items: a decrease in Accounts payable and accrued liabilities ($0.5 million), an increase in Employee future benefits ($0.4 million) and an increase in the Vacation pay and compensation leave ($0.1 million).

Financial Statements

CRTC Financial Statements for 2012-2013 including the Annex to the Statement of Management Responsibility Including Internal Control over Financial Reporting are available on the CRTC website.

Supplementary Information Tables

- Sources of Respendable and Non-Respendable Revenue[xii]
- User Fees Reporting[xiii]

All electronic supplementary information tables listed in the 2012–2013 Departmental Performance Report can be found on the CRTC website.

Tax Expenditures and Evaluations Report

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals, and credits. The Department of Finance publishes cost estimates and projections for these measures annually in the *Tax Expenditures and Evaluations*[xiv] publication. The tax measures presented in the Tax Expenditures and Evaluations publication are the sole responsibility of the Minister of Finance.

Section IV: Other Items of Interest

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Endnotes

[i] Local Programming Improvement Fund
http://crtc.gc.ca/eng/info_sht/tv13.htm#a1

[ii] Canadian Radio-television and Telecommunications Commission
http://www.crtc.gc.ca/

[iii] Broadcasting Regulatory Policy
http://www.crtc.gc.ca/eng/archive/2011/2011-601.htm

[iv] National Do Not Call List (DNCL)
http://www.crtc.gc.ca/eng/telemarketing.htm

[v] Unsolicited Telecommunications Rules
http://www.crtc.gc.ca/eng/trules-reglest.htm

[vi] Canada anti-spam legislation
www.fightspam.gc.ca

[vii] 2012-2013 Report on Plans and Priorities
http://www.tbs-sct.gc.ca/rpp/2012-2013/index-eng.asp?acr=1949

[viii] CRTC Three-Year Plan 2013-2016
http://www.crtc.gc.ca/eng/backgrnd/plan2013.htm

[ix] Public Accounts of Canada 2013 (Volume II)
http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html

[x] CRTC invites comments on the potential for a video relay service for Canadians who are deaf, hard of hearing or speech impaired
http://www.crtc.gc.ca/eng/com100/2013/r130327.htm

[xi] CRTC Financial Statements for 2012-2013 and Annex to the Statement of Management Responsibility Including Internal Control over Financial Reporting
http://www.crtc.gc.ca/eng/publications/reports/fin13b.htm.

[xii] Sources of Respendable and Non-Respendable Revenue
http://www.crtc.gc.ca/eng/backgrnd/dpr2013/sup2013.htm#sup1

[xiii] User Fees Reporting
http://www.crtc.gc.ca/eng/backgrnd/dpr2013/sup2013.htm#sup2